

TRANSCRIPTION - ORIGINAL FOLLOWS

SUMMARY: We need to overcome OMB's opposition to the transfer of funds from DOD to security assistance for an FY 82 ESP program for Pakistan. The funding source must be decided before Foreign Minister Shahi's April 20 visit. We recommend you call Dave Stockman and obtain his agreement to the Minister.

ANALYSIS OF THE ISSUES

We told OMB April 9 (Judge Clark's letter attached of DOD's agreement to transfer funds from its 050 account (fuel costs) to security assistance to fund a \$100 million ESP program for Pakistan in FY 82. Yesterday, Cap Weinberger affirmed that DOD would hold this money available.

OMB is moving to reject this plan because it opposes the transfer of any funds from DOD accounts and because it believes there will be opposition on the Hill to such a transfer, particularly to foreign assistance in a year when domestic programs are being slashed. If OMB carries the day, we will be forced to absorb the costs in our programs. Jim Buckley is most reluctant to cut back on the Special Requirements Fund or further reduce the refugee or PL-480 accounts already hard hit by budget cuts.
[lines excised]

We should reconfirm our offer of ESP during Foreign Minister Shahi's visit here April 20, but we must first nail down the funding source. You and Cap agreed you would deal with Dave Stockman.

RECOMMEDATION.

That you call Dave and make the following points:

EXCISE

DEPARTMENT OF STATE

ACTION MEMORANDUM

8112310

XR-8709610

INT

FAIM
ES: SECRET
(CONFIDENTIAL UPON REMOVAL OF ATTACHMENT)

Done:

TO: The Secretary April 17, 1981

THROUGH: T - James Buckley JR

FROM: IM - Richard Burt
NEA - Nicholas A. Veliotis, Designate

SUBJECT: Security Assistance for Pakistan

SUMMARY: We need to overcome OMB's opposition to the transfer of funds from DOD to security assistance in FY 82. The funding source must be approved by the Foreign Minister Shahi's April 20 visit. We must call Dave Stockman and obtain his agreement to transfer.

ANALYSIS OF THE ISSUES

We told OMB April 9 (Judge Clark's letter) that DOD's agreement to transfer funds from its 050 account (fuel costs) to security assistance to fund a \$100 million ESF program for Pakistan in FY 82. Yesterday, Cap Weinberger affirmed that DOD would have this money available.

OMB is moving to reject this plan because it opposes the transfer of any funds from DOD accounts and because it believes there will be opposition on the Hill to such a transfer, particularly to foreign assistance in a year when congressional programs are being slashed. If OMB carries the day, we will be forced to absorb the costs in our programs. Jim Buckley is most reluctant to cut back on the Special Requirements Fund or further reduce the refugee or PL-480 accounts already hard hit by budget cuts.

We should reconfirm our offer of ESF during Foreign Minister Shahi's visit here April 20, but we must first nail down the funding source. You and Cap agreed you would deal with Dave Stockman.

RECOMMENDATION:
DEPARTMENT OF STATE A/CDC/WR

Done. Stockman agreed provided we don't get sep. commitments.

That you call Dave and make the following points: DATE 4/17/81

SECRET

ANS - 4/17/81

(CONFIDENTIAL UPON REMOVAL OF ATTACHMENT)

GPS 4/17/81

DECLASSIFIED/RELEASABLE

PLEASE DENIED IN MMT

A-202 EXPENDITURE 21/1/81

84 DOS 02393 RSA

TALKING POINTS

-- ON APRIL 17, YOU AND SECRETARY HAIG AGREED TO CAP'S OFFER TO TRANSFER DOD OUTLAYS TO THE INTERNATIONAL AFFAIRS FUNCTION TO FUND A \$100 MILLION ESF PROGRAM FOR PAKISTAN, WITH NO NET INCREASE IN FY 1982 BUDGET OUTLAYS.

-- YOUR STAFF, HOWEVER, HAS ENJOINED US FROM INFORMING THE CONGRESS OF THIS, PENDING BILL SCHNEIDER'S DISCUSSING THIS WITH YOU WHEN HE RETURNS FROM EUROPE ON FRIDAY.

-- STATE WITNESSES TESTIFIED ON MONDAY BEFORE HFAC SUB-COMMITTEES THAT WE WOULD BE REQUESTING THE ESF PROGRAM FOR PAKISTAN. IT IS IMPERATIVE THAT WE GET THIS APPROVED AND REPORTED BY THE COMMITTEE BY MAY 15 SO THAT IT DOES NOT REQUIRE A WAIVER OF THE REQUIREMENTS OF THE BUDGET ACT.

-- CHAIRMAN SOLARZ INDICATED THAT HE WAS PREPARED TO MOVE QUICKLY, BUT WOULD NOT SCHEDULE HEARINGS UNTIL THE ADMINISTRATION INFORMED HIM WHERE THE OFFSETS WERE COMING FROM.

-- WE CANNOT ABSORB THIS WITHIN THE INTERNATIONAL AFFAIRS FUNCTION AND SEE NO REASON NOT TO PROCEED AS YOU, CAP, AND THE SECRETARY HAVE AGREED. MOREOVER, WE MUST INFORM THE ARMED SERVICES COMMITTEES SO THAT WE DO NOT GET DOUBLE-DIPPED, A CONCERN YOU EXPRESSED TO THE SECRETARY.

-- IN SUM, WITH YOUR APPROVAL, WE INTEND TO PROCEED AS AGREED SO AS TO MAXIMIZE OUR CHANCES OF GAINING TIMELY CONGRESSIONAL APPROVAL OF THIS IMPORTANT FIRST STEP IN BUILDING OUR NEW SECURITY RELATIONSHIP WITH PAKISTAN.

TRANSCRIPTION - ORIGINAL FOLLOWS

ON APRIL 9, BILL CLARK WROTE YOU OF DOD'S AGREEMENT TO
TRANSFER \$100 MILLION FROM THE DEFENSE ACCOUNT TO
SECURITY ASSISTANCE FOR PAKISTAN'S FY 82 ESP PROGRAM.

I UNDERSTAND YOUR STAFF OPPOSES THE TRANSFER AND
PREFERS THE FUNDS COME FROM CUTBACKS IN THE ESP, PL
480, OR REFUGEE ACCOUNTS

[LINES EXCISED]

RATIO OF OUTLAYS TO PROGRAM FUNDS ARE ONE TO ONE. WE
CAN THUS FUND A USEFUL ESP PROGRAM AND THERE WILL BE NO
INCREASE IN OUTLAYS IN THE FEDERAL BUDGET.

I BELIEVE THAT WITH DOD'S ACTIVE SUPPORT ON THE HILL WE
CAN ASSUAGE MOST CONGRESSIONAL OBJECTIONS TO
TRANSFERRING MONIES FROM THE DEFENSE BUDGET ESPECIALLY
SINCE ONE OF LONG TERM PURPOSES WILL BE TO SUPPORT US
FORCE DEPLOYMENT.

THE REAGAN ADMINISTRATION IS DETERMINED TO IMPROVE THE
US DEFENSE POSTURE AND CONSIDERS SECURITY ASSISTANCE AN
ESSENTIAL ELEMENT IN ACHIEVING THAT OBJECTIVE.

WE NEED TO TIE DOWN BEFORE WE MEET WITH VISITING
PAKISTANI FOREIGN MINISTER NEXT MONDAY.

CONFIDENTIAL

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- ON APRIL 9, BILL CLARK WROTE YOU OF DOD'S AGREEMENT TO TRANSFER \$100 MILLION FROM THE DEFENSE ACCOUNT TO SECURITY ASSISTANCE FOR PAKISTAN'S FY:82 ESF PROGRAM.
- I UNDERSTAND YOUR STAFF OPPOSES THE TRANSFER AND PREFERS THE FUNDS COME FROM CUTBACKS IN THE ESF, PL 480, OR REFUGEE ACCOUNTS.

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- RATIO OF OUTLAYS TO PROGRAM FUNDS ARE ONE TO ONE. WE CAN THUS FUND A USEFUL ESF PROGRAM AND THERE WILL BE NO INCREASE IN OUTLAYS IN THE FEDERAL BUDGET.
- I BELIEVE THAT WITH DOD'S ACTIVE SUPPORT ON THE HILL, WE CAN ASSUAGE MOST CONGRESSIONAL OBJECTIONS TO TRANSFERRING MONIES FROM THE DEFENSE BUDGET ESPECIALLY SINCE ONE OF LONG TERM PURPOSES WILL BE TO SUPPORT US FORCE DEPLOYMENT.
- THE REAGAN ADMINISTRATION IS DETERMINED TO IMPROVE THE US DEFENSE POSTURE AND CONSIDERS SECURITY ASSISTANCE AN ESSENTIAL ELEMENT IN ACHIEVING THAT OBJECTIVE.
- WE NEED TO TIE THIS DOWN BEFORE WE MEET WITH VISITING PAKISTANI FOREIGN MINISTER NEXT MONDAY.

Attachment: As stated.

CONFIDENTIAL

Drafted: PM/SAS:RBruce/GReisling:rg
4/17/81:ext.27774

T:AGiese

PM:LBrown